

Proposed Changes to Your Water, Sewer and Recycled Water Rates and Charges

Notice of Public Hearing

October 6, 2015
7:00 p.m.
City Council Chambers
200 Old Bernal Avenue
Pleasanton, CA

Proposed Rate Changes

The City of Pleasanton recently concluded comprehensive water, sewer, and recycled water cost of service studies. The goal of these studies is to assess each utility on a stand-alone basis and evaluate the cost to operate each system. These costs are recovered through each utilities' rates. The studies reveal that an increase is necessary to support the increased costs of operating the City's water, sewer, and recycled water systems. The rates posted in this notice reflect those increases. A complete listing of the proposed rate changes can also be found on the City website at www.cityofpleasantonca.gov.

A public hearing on all the proposed rates and charges is scheduled on Tuesday, October 6th, 2015 at 7:00 p.m. during the City Council meeting, at 200 Old Bernal Avenue, Pleasanton, CA. The Council cannot approve the proposed rates if written protests are received from a majority (50% +1) of the affected rate payers by the end of the meeting. Affected ratepayers are those parties directly responsible for paying the proposed rates. Written protests may be offered at the hearing or prior to the meeting by U.S. mail or other delivery service to:

City of Pleasanton
ATTN: City Clerk – Proposed Utility Rates
P.O. Box 520
Pleasanton, CA 94566.

Written protests must include the account holder name and either the service address or the City of Pleasanton water account number. Protests by fax or email will not be accepted. For more information, please call (925) 931-5523 or visit www.cityofpleasantonca.gov.



Rates and Charges that Apply to Your Water Bill

Your water bill consists of a fixed water service charge and variable consumption charges based on the amount of water consumed in a bi-monthly billing period. The following is a brief description of the proposed components of a City water bill effective October 15, 2015.

Fixed Meter Charge

All customers are billed a fixed meter charge based on the size of the water meter. This charge appears on your bi-monthly billing statement as the “fixed meter charge”. This charge covers a portion of the operations and systems maintenance costs and is constant regardless of how much water is used.

This charge is proposed to increase on January 1 each year beginning on January 1, 2016 per the increase in the Consumer Price Index (see Annual Consumer Price Index (CPI) Rate Adjustments below). Customers will be notified on their prior billing statement of the new rates scheduled to go into effect the next January, beginning January 1, 2016 through January 1, 2020. The following table shows the current water fixed meter charge.

Current Fixed Meter Charge	
Meter Size	Charge
5/8 " displacement	\$17.62
3/4 " displacement	\$26.41
1 " displacement	\$44.04
1.5 " displacement	\$88.07
1.5 " turbo	\$88.07
2 " displacement	\$140.91
2 " turbo	140.91
3 " turbo	\$308.27
4 " turbo	\$880.78
6 " turbo	\$1,761.55
8 " turbo	\$3,088.72
10 " turbo	\$4,844.27

[1] Present rates effective January 1, 2015.

As noted, the fixed meter charges will remain the same until the first CPI adjustment on January 1, 2016.

Consumption Charges

The tables below provide the proposed consumption charges, if adopted, per 100 cubic feet (CCF), or per 748 gallons, of water consumed by type of water customer effective October 15, 2015. The present rates reflect the consumption charges effective January 1, 2015.

Proposed Consumption Rates For Single Family Accounts. Effective October 15, 2015						
Tier*	Zone 7 Water	Distribution Costs	Recycled Water	Capacity Expansion	Proposed Rate	Present Rate
0 - 20 CCF	\$2.4000	\$0.0000	\$0.0000	\$0.0000	\$2.4000	\$2.1000
21 - 40 CCF	\$2.4000	0.2581	0.1000	0.0000	2.7581	2.3581
41 - 60 CCF	\$2.4000	0.4825	0.1000	0.0000	2.9825	2.6825
Over 60 CCF	\$2.4000	1.1220	0.1000	0.1300	3.7520	3.4520
* CCF equals 100 cubic feet of water; or 748 gallons *						

Proposed Consumption Rates For Commercial Business & Multi-Family Accounts. Effective October 15, 2015					
Customer Class	Zone 7 Water	Distribution Costs	Recycled Water	Proposed Rate	Present Rate
Commercial & Multifamily	\$2.4000	\$0.2693	\$0.1000	\$2.7693	\$2.4693

Proposed Consumption Rates For Irrigation Accounts. Effective October 15, 2015					
Customer Class	Zone 7 Water	Distribution Costs	Recycled Water	Proposed Rate	Present Rate
Irrigation	\$2.4000	\$0.4152	\$0.1000	\$2.9152	\$2.6152

Zone 7 Water Rate

Zone 7 is Pleasanton's potable water wholesaler and provides the majority of the water supply to the City's customers. The remaining supply comes from groundwater wells owned and operated by the City. The Zone 7 Board of Directors establishes the charge for water each year effective January 1. The City's Zone 7 water rate is designed to fully recover the cost of the water purchased from Zone 7.

The Zone 7 water rate is provided to the City and is a direct pass through to the City's customers. The setting of this rate is not within the control of the City of Pleasanton and is subject to change each January 1. The City will notify customers prior to the change in the rate on the City's bill when noticed by Zone 7 of a rate change. The total cost of Zone 7 purchased water to the City of \$2.40 is based on the current rate charged by Zone 7 (effective January 1, 2015) plus the cost of water losses on the system and total purchases from Zone 7.

Distribution Costs by Customer Type

Most water delivery fees (Distribution Costs) vary, depending upon the peaks in customer demand for water service. These costs fund such items as facility repair and maintenance; daily inspections of water facilities to ensure the health and safety of the water supply; replacement of aging infrastructure and water meters; utility billing; and water conservation and education efforts. These costs are allocated to different customer classes based on the peak demand on the City's water system. The Distribution Costs are also proposed to increase January 1 each year commencing on January 1, 2016 by the increase in the Consumer Price Index (see Annual Consumer Price Index (CPI) Rate Adjustments below.

Capacity Expansion

The City constructed several water related projects in the Vineyard Avenue Corridor Specific Plan area to accommodate an increased demand in water volume by large residential customers. Most of these costs will be repaid through fees paid by new housing development in the area. Since the expansion was also related to the high water consumption of existing residential water customers, it was determined that an additional \$.13 per CCF would be included in the fourth tier water rate (single family residential customers only) to cover the expansion cost for the Vineyard Corridor Improvements.

Recycled Water

The City is in the process of developing a recycled water program for commercial irrigation in the area between the Dublin San Ramon Services District plant located on Johnson Drive and the northeast area of Pleasanton. Recycled water benefits all water users by freeing up potable water capacity for domestic water usage. Therefore, the water rates for all customers (except the 1st tier rates for residential customer which is primarily indoor use) include \$.10 per CCF for the development of this program.

Senior and Low Income Discounts

The City is proposing to reduce the current 20% discount on water rates for single family residents who qualify as a "senior" (age 65 or older) to 15%, and continue to provide a 30% discount for residents who qualify as a low income family (those who qualify for PG&E, PacBell, or cable television discounts through either the California Department of Economic Opportunity or the Social Security Administration). Residents cannot apply for both discounts.

In order to mitigate the impact of these discounts on the City's General Fund, and to encourage conservation and meet the spirit of the discounts (which is to assist those on a limited fixed income) the proposed rates will limit both programs to a discount only if the water customer's bi-monthly water consumption is less than or equal to 20 CCF.

Annual Consumer Price Index (CPI) Rate Adjustments

The Fixed Meter Charge and the Distribution Costs are proposed to include an annual rate adjustment based upon the change in CPI each year. It is proposed that the City Manager be authorized and directed to increase these rates and charges based upon the percentage change reflected in the Annual Consumer Price Index (CPI) – All Urban Consumers for the San Francisco-Oakland-San Jose area available as of September 30. The rates will be recalculated in October of each year and will be effective on the following January 1 commencing on January 1, 2016. Customers will be notified on the billing they receive prior to January 1.

Customer Impacts

Each customer will be impacted differently under this rate proposal, depending on overall usage and customer type. The following tables present the existing and the proposed rate impacts on typical customers in each classification based on the proposed rates for October 15, 2015.

Single Family Residential Bill Impacts (Bi-Monthly)		
Water Rates & Charges	Present Rates	Proposed Rates
Low Use (20 CCF)		
Meter Charge	\$17.62	\$17.62
Water Charge	42.00	48.00
Total	\$59.62	\$65.62
Bi-Monthly Increase		\$6.00
Monthly Increase		\$3.00
Moderate Use (40 CCF)		
Meter Charge	\$17.62	\$17.62
Water Charge	89.16	103.16
Total	\$106.78	\$120.78
Bi-monthly Increase		\$14.00
Monthly Increase		\$7.00
High Use (60 CCF)		
Meter Charge	\$17.62	\$17.62
Water Charge	142.81	162.81
Total	\$160.43	\$180.43
Bi-monthly Increase		\$20.00
Monthly Increase		\$10.00

Commercial & Multi-Family Bill Impacts (Bi-Monthly)		
Water Rates & Charges	Present Rates	Proposed Rates
Low Use (30 CCF)		
Meter Charge	\$88.07	\$88.07
Water Charge	74.08	83.08
Total	\$162.15	\$171.15
Bi-Monthly Increase		\$9.00
Monthly Increase		\$4.50
Moderate Use (90 CCF)		
Meter Charge	\$88.07	\$88.07
Water Charge	222.24	249.24
Total	\$310.31	\$337.31
Bi-monthly Increase		\$27.00
Monthly Increase		\$13.50
High Use (180 CCF)		
Meter Charge	\$88.07	\$88.07
Water Charge	444.47	498.47
Total	\$532.54	\$586.54
Bi-monthly Increase		\$54.00
Monthly Increase		\$27.00

Irrigation Bill Impacts (Bi-Monthly)		
Water Rates & Charges	Present Rates	Proposed Rates
Low Use (150 CCF)		
Meter Charge	\$140.91	\$140.91
Water Charge	392.28	437.28
Total	\$533.19	\$578.19
Bi-Monthly Increase		\$45.00
Monthly Increase		\$22.50
Moderate Use (300 CCF)		
Meter Charge	\$140.91	\$140.91
Water Charge	784.56	874.56
Total	\$925.47	\$1,015.47
Bi-monthly Increase		\$90.00
Monthly Increase		\$45.00
High Use (600 CCF)		
Meter Charge	\$140.91	\$140.91
Water Charge	1,569.12	1,749.12
Total	\$1,710.03	\$1,890.03
Bi-monthly Increase		\$180.00
Monthly Increase		\$90.00

Potable Water Drought Rates

As part of the recent water rate study, drought rates were developed. The goal of drought rates is to maintain sufficient revenues for the utility to operate while a decline in consumption occurs due to drought conditions and mandated conservation. Although the drought rates are available once the Council has adopted them, they are not implemented until the Council directs City staff to implement the drought rates. This means that rates are not automatically increased as a result of going into Stage 1 of the City's Water Conservation Plan (Municipal Code Chapter 9.30), or increasing a drought stage, but when the council determines they are necessary to maintain system revenues due to drought induced consumption declines. These additional rates would remain in effect until the Council terminates them.

Below are the proposed drought rates showing the additional rate component for each customer class based on the proposed potable water consumption rates effective October 15, 2015.

Proposed Drought Rates				
	Stage 1	Stage 2	Stage 3	Stage 4
Single Family				
0-20 CCF	\$0.1619	\$0.5689	\$1.2266	\$2.5611
21-40 CCF	0.1619	0.5689	1.2266	2.5611
41-60 CCF	0.1619	0.5689	1.2266	2.5611
60+ CCF	0.1619	0.5689	1.2266	2.5611
Commercial/Multi-Family				
Irrigation	\$0.1385	\$0.5400	\$1.1631	\$2.5145
	\$0.1458	\$0.5655	\$1.2244	\$2.6470

*Drought rates are an additional component to the existing potable consumption rates

*Drought rates will change based on changes in the potable water consumption rates

Rates for Recycled Water Service

The City purchases and delivers recycled water to customers in various areas within its service area. The recycled water system is being expanded to provide irrigation service to additional areas within the City. Based on the development of the costs associated with providing recycled water service, purchases from Dublin

San Ramon Services District and the City of Livermore, and delivering water through its distribution system, rates have been proposed effective October 15, 2015. The City charges customers a consumption charge only for recycled water. Provided below is a summary of the present and proposed recycled water rates.

Present & Proposed Recycled Water Rates Effective October 15, 2015

	Present [1]	Proposed
Rate Per CCF	\$2.3537	\$2.6237

[1] Present rates are the rates effective January 1, 2015.

The current recycled water rate is based on 90% of the potable irrigation rate. As potable water rates are adjusted based on the change in the annual CPI and changes in the Zone 7 water wholesale rates, the recycled water rate will adjust to remain at 90% of the potable irrigation water rate. Customers will be notified of the rate change in the December billing for the rate that will be effective January of 2016 through 2020.

Rates and Charges that Apply to Your Sewer Bill

Included on your water bill are bi-monthly sewer charges which include a fee payable to the City of Pleasanton for the maintenance and operation of the sewer collection system and a regional sewer service charge payable to either DSRSD or the City of Livermore depending on where the account resides within Pleasanton for sewer treatment. The present and proposed sewer service fees are shown below.

Present & Proposed Sewer Service Charge (Local Only, Bi-Monthly) Effective October 15, 2015

	Present [1]	Proposed
Single Family	\$24.46	\$25.19
Condominium	16.79	17.17
Multi-Family	12.80	13.18
Commercial Consumption Charge (\$/CCF) [2]		
Auto Steam Cleaning	\$1.375	\$1.416
Bakeries	1.365	1.406
Commercial Laundries	1.375	1.416
Groceries w/Garbage Disposals	1.320	1.360
Mortuaries	1.600	1.648
Restaurants (Fast Food)	1.285	1.324
Restaurants (Full Service)	1.285	1.324
All Other	1.161	1.196
Institutional Consumption Charge		
Schools - No Irrigation Use	\$1.116	\$1.141
Schools - Irrigation Use	0.733	0.750
All Others	1.161	1.187
Industrial, Demand Users		
Fixed Charge (\$/Connection)	\$2.77	\$2.85
Annual Loadings		
Volume (\$/MG)	\$124.98	\$128.73
Peak Monthly Loadings (\$/MGD)		
Flow	\$80,822.84	\$83,247.53

[1] Present rates are the rates effective July 1, 2015.

[2] Commercial customer bills include a minimum equal to the multi-family bi-monthly charge for up to the first 5 CCF

Senior and Low Income Discounts

The City is proposing to reduce the current 20% discount on sewer rates for single family residents who qualify as a "senior" (age 65 or older) to 15%, and continue to provide a 30% discount for residents who qualify as a low income family (those who qualify for PG&E, PacBell, or cable television discounts through either the California Department of Economic Opportunity or the Social Security Administration). Residents cannot apply for both discounts.

In order to mitigate the impact of these discounts on the City's General Fund, and to encourage conservation and meet the spirit of the discounts (which is to assist those on a limited fixed income) the proposed rates will limit both programs to a discount only if the sewer customer's bi-monthly water consumption is less than or equal to 20 CCF. This would apply to the sewer discount also.

Structural Changes – Ruby Hill Local Sewer Rates

The City of Pleasanton is required to maintain the collection system within Ruby Hill which receives treatment services from Livermore. Based on this Pleasanton staff have been charging Ruby Hill customers an administration fee in order to pay Pleasanton for the maintenance of the collection system. This fee, however, is not sufficient to pay for the costs which the service to Ruby Hill incurs. Given this, the City is proposing to transition the customers in Ruby Hill to the full single family local collection charge over the next two years. Effective October 15, 2015, the Ruby Hill sewer fee will be increased from \$4.32 to \$12.60 and on July 1, 2016, will be increased to match the full single family rate. Consequently, the City will no longer collect the administration fee from the customers.

Annual Consumer Price Index (CPI) Rate Adjustments

The Sewer Service Charge is proposed to include an annual rate adjustment based upon the change in CPI each year. It is proposed that the City Manager be authorized and directed to increase these rates and charges based upon the percentage change reflected in the Annual Consumer Price Index (CPI) – All Urban Consumers for the San Francisco-Oakland-San Jose, CA area available as of March 31. The rates will be recalculated in April of each year and will be effective the following July 1 of that year. Customers will be notified on the billing they receive prior to July 1.